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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/714,853	11/15/2000	Steve Litzow	XPWZ-1-1006	5296

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EXAMINER
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SMITH, JEFFREY A

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 09/26/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/714,853

Applicant(s)

LITZOW ET AL.

Examiner

Jeffrey A. Smith

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 27 June 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1,3-6,14-19 and 23-32 is/are pending in the application.
- 4a) Of the above claim(s) 1 and 19 is/are withdrawn from consideration.
- 5) ☒ Claim(s) 23 is/are allowed.
- 6) ☒ Claim(s) 3-6,14-18 and 25-32 is/are rejected.
- 7) ☒ Claim(s) 24 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 15 November 2000 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

**DETAILED ACTION**

***Response to Amendment***

The Response filed June 27, 2005 has been entered and considered.

Claims 1, 3-6, 14-19, and 23-32 are pending.

Claims 1, 3-6, 14, 16-19, 23, and 24 have been currently amended.

Claims 25-32 are newly presented.

Claims 2, 7-13, and 20-22 have been cancelled.

***Election by Original Presentation***

Newly amended claims 1 and 19 are directed to an invention that is independent or distinct from the invention originally claimed for the following reasons: Claims 1 and 19 are now directed to methods which determine an optimal price for a particular commoditized sellable unit for the purposes of predicting market penetration classified in class 705, subclass 10. These methods are patentably distinct from the invention previously prosecuted because no such prediction is present in or relied upon in the prosecuted invention.

Since applicant has received an action on the merits for the originally presented invention, this invention has been

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constructively elected by original presentation for prosecution on the merits. Accordingly, claims 1 and 19 are withdrawn from consideration as being directed to a non-elected invention. See 37 CFR 1.142(b) and MPEP § 821.03.

An action on the merits of claims 3-6, 14-18, and 23-32 follows.

#### ***Claim Objections***

Claims 17, and 24-28 are objected to because of the following informalities:

In claim 17: "Claim 146" should read as --Claim 146--.

In claim 24, line 28: "the consumer's first identifier;" should be indented (as a matter of formatting).

In claim In claims 25 and 26: these claims should end in a --- rather than a ";".

Appropriate correction is required.

#### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

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The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 14-18 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

The specification lacks enablement for an embodiment in which the data processing system (recited in claim 14) collects consumers' bills data from itself. (See further discussion below with respect to rejection under 35 USC 112, 2nd paragraph).

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 14-18 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point

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out and distinctly claim the subject matter which applicant regards as the invention.

In claim 14, line 4: the activity "collecting the consumers' bills data from the data processing system" appears to be misdescriptive of the invention, and, accordingly, the scope of the claim is unclear. The data processing system is recited to collect consumer bills--but not to collect them from itself.

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 3-6, 14-18, and 25-28 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a

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patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See

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*State Street Bank & Trust Co. v. Signature Financial Group, Inc.*

149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the



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"technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the

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invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a \$101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int. 2001).

Regarding claims 3-6, 14-18, and 25-28: there is no non-trivial application of technology recited in the body of these claims. The recitation of certain technology (e.g. customer database, transaction database, vendor database, data processing system, etc...) is noted throughout various claims. However, none of the technology recited is applied in any recited activity in a non-trivial manner. MPEP 2106.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of

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section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002 do not apply when the reference is a U.S. patent resulting directly or indirectly from an international application filed before November 29, 2000. Therefore, the prior art date of the reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

Claims 14, 15, and 17 are rejected under 35 U.S.C. 102(e) as being anticipated by Eldering (U.S. Patent No. 6,298,348).

Eldering discloses a method comprising, inter alia, interposing a data processing system (140: see also col. 6, lines 9-16) between a consumer (100) and a vendor (110); collecting consumers' bills data (col. 5, line 65-col. 6, line 8); analyzing the bills data (col. 10, line 34-col. 11, line 16); predicting purchases the customer may be likely to make based on the analysis (col. 13, lines 23-37); and designing offers to the consumer based on the predicted purchases (col. 10, lines 1-18). The step of collecting may be collecting electronic data from a data processing system (see Fig. 1A).

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The method further comprises aggregating and comparing the offers (col. 10, lines 1-21).

Claims 25, 26, 29-32 are rejected under 35 U.S.C. 102(e) as being anticipated by Suzuki (U.S. Patent No. 6,313,745 B1).

Suzuki discloses a method for facilitating commerce between customers and at least one vendor.

The method comprises creating a customer database, a transaction database, and a vendor (in this case sales employee) database.

The customer database ("client database": col. 8, line 20) is created by enrolling customers into a closed market; inputting a unique identifier for each customer ("customer ID": col. 8, line 24); and creating an initial record containing the identity of each customer (col. 8, line 27-31); recording purchase history data derived from actual purchases and associating that data with their unique identifier (col. 8, lines 36-42).

The transaction database is created by defining products offered by the vendors (see col. 6, lines 23-50); creating a record corresponding to each product (col. 6, lines 23-28); identifying a smallest indivisible sales unit to define each product (col. 6, lines 29-41); inputting a unique identifier

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("product ID") for each of the smallest indivisible sales units of products; and categorizing each of the smallest indivisible sales units (col. 7, lines 12-15).

The vendor database is created by creating a record corresponding to each vendor; and inputting a unique identifier for each vendor ("employee ID": col. 5, line 37).

The recitation in the preamble "electronic commerce" has been considered. However, there is no recitation in the body of the claim which serves to establish the manner in which this commerce method is considered "electronic". A preamble is generally not accorded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535 F.2d 67, 190 USPQ 15 (CCPA 1976) and *Kropa v. Robie*, 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

Suzuki discloses that purchase histories are dissected. That is, each product in the history has an associated product ID and the system is able to analyze each product to generate a recommendation based upon relational instances in the customer database (see col. 8, lines 58-67). Relational instances

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include customer ID, product ID, and vendor ID (see col. 8, lines 36-57).

Suzuki discloses a matching engine comprising a component for standardizing one or more of the purchase transactions, and one or more of the vendor's offerings, into one or more of the elemental definitions of salable units in the transaction database in common so as to enable comparison of the vendor's offerings against the actual purchase transactions. It is noted that Suzuki employees product IDs which serve to link purchases and offerings so that offerings can be compared against actual purchase transactions (col. 8, lines 51-57). Suzuki further discloses a component for analyzing one or more of the vendor's offerings in light of one or more of the actual purchase transactions stored in the customer database (col. 8, lines 58-67).

Regarding claims 29 and 30: It is noted that these claims are system claims which parallels method claims 25 and 26. To that end, Suzuki discloses a system for facilitating the commerce method discussed above. The system comprises the structure necessary for creating the customer database, the transaction database, and the vendor database.

Regarding claims 31 and 32: These claims further recite software and its associated functionality, per se. Such

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software is not embedded in any medium and accordingly is not construed as a structural limitation deserving of patentable weight to the system structure already set forth.

***Allowable Subject Matter***

Claim 23 is allowable.

Claims 3-6 would be allowable if rewritten or amended to overcome the rejection(s) under 35 U.S.C. 101, set forth in this Office action.

Claims 16 and 18 would be allowable if rewritten to overcome the rejections under 35 U.S.C. 112, 2nd paragraph, and 35 USC 101 set forth in this Office action and to include all of the limitations of the base claim and any intervening claims.

Claim 24 would be allowable if rewritten or amended to overcome the objection set forth in this Office action.

Claims 27 and 28 would be allowable if rewritten to overcome the rejection under 35 U.S.C. 101, and the objection set forth in this Office action and to include all of the limitations of the base claim and any intervening claims.

***Response to Arguments***

Applicant's arguments with respect to claims 14, 15, 17, 25, 26, and 29-32 have been considered but are moot in view of the new ground(s) of rejection.

Applicant's arguments filed June 27, 2005 with respect to the rejections under 35 USC 101 have been fully considered but they are not persuasive.

Applicant has traversed these rejections based upon a "useful, concrete, and tangible result".

The Examiner notes that such arguments are persuasive with respect to the first prong of the test provided, however such arguments do not address the second prong of the test provided-- i.e. a requirement for a specific, non-trivial application of technology in the body of the claim.

***Conclusion***

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this



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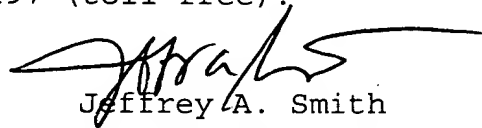
action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jeffrey A. Smith whose telephone number is (571) 272-6763. The examiner can normally be reached on M-F 6:30am-6:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on (571) 272-7159. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Jeffrey A. Smith  
Primary Examiner  
Art Unit 3625

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